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STATE PASS TO USAID
FOR EUR/NCE - WILLIAM SILKWORTH
FOR OES/PCI - ELLEN SHAW
FOR ECA/PE/V/M - SUSAN LOCKWOOD/TAI DICKERSON

SIPDIS

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SUBJECT: DEFORESTATION CONTINUES IN ROMANIA

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11. SUMMARY. Poverty, corruption, a mismanaged land restitution process, and inadequate governmental resources and regulatory oversight have contributed to widespread and rapid deforestation in Romania since the 1989 revolution. Many Romanians experienced firsthand the consequences of deforestation when some of the worst flooding in years hit the country in 2005. Most experts agree that clear-cutting contributed to the devastating flash floods that took over 50 lives. Illegal logging will remain a significant problem as the land restitution process continues and the GOR lacks the means to protect and manage the country's forests. Romania is receiving assistance from the World Bank, European Union, United States and others to help combat the problem. Ultimately, however, societal attitudes toward the environment must also change to ensure that the forests of Romania survive. END SUMMARY.

12. In preparation for this cable, ECON staff interviewed officials from the Romanian Ministry of Agriculture, Forests and Rural Development, the Ministry of Environment and Water Management, the National Forest Administration ("Romsilva"), The World Bank, World Wildlife Fund and Regional Environmental Center-Bucharest. EconOff and Embassy Budapest's ESTH Hub Officer also visited Piatra Craiului National Park to witness the deforestation firsthand.

FOREST STATISTICS

13. Romania's 6.4 million hectares of forests cover less than 27 percent of its territory (the European average is 32 percent). During communist times, the state owned all the forests. Since then, about two million hectares of forest have been returned to their original owners, another 2 million are currently in the restitution process, and the final 2 million will remain under state ownership. Official figures estimate that 125,000 hectares of forestland were illegally cut since 1991. Of this amount, about 30,000 hectares were completely clear-cut and 95,000 partially cut.

MULTIPLE FACTORS DRIVE ILLEGAL LOGGING

14. Many factors contribute to deforestation and illegal logging, including poverty, corruption, the poorly-implemented forest restitution process, a lack of governmental resources and oversight, and the low price of Romanian wood (thus making it more attractive to foreign buyers). Unfortunately, the problem shows no sign of abating, at least not in the near term.

15. The Romanian government returned forestlands to their rightful owners in three waves (1991, 2000 and 2005). Poorly managed, the

restitution process itself has contributed greatly to the deforestation problem. The first wave targeted only individuals and capped the amount at one hectare per person. The second wave returned forests to both individuals and local communities, with a maximum of 10 hectares for individuals. The final wave -- which is still ongoing -- has no restriction on size or type of recipient. During the first two stages of restitution, the government did not require the new owners to establish a forest management plan and a viable control authority did not exist. In addition, many new landowners, worried that the government might change its mind and take back the land, quickly cut and sold their trees. With a per capita income of only 30 percent of the EU-15 average, poverty also contributes to deforestation, since access to trees means ready cash.

16. The current (2005) restitution law now requires management plans, but the regulatory framework, although strengthened, is still lacking in key areas. For example, there is no compensation mechanism for individuals who receive land that is located in a protected area where logging is prohibited. Without compensation, the owner has little incentive to keep the forest in its original state. Overall, critics claim that the restitution process was politically driven with the successive governments (both left and right) more interested in returning land to voters and supporters than establishing a well-balanced, environmentally sustainable process.

17. Corruption plays a role in many of Romania's economic, political and social problems, and deforestation is no exception. Forest inspectors and members of the Environmental Guard are poorly paid and vulnerable to bribery. Although direct evidence is hard to come by, many observers argue that high-level corruption also contributes to the problem. Not surprisingly, Romania's poorly functioning justice system is no protector of the forests. Those who cut illegally know the chances of getting caught and punished are slim. According to one Ministry of Agriculture official, few if any cases brought to court resulted in a final sentence. An official with the National Forest Administration opined that judges do not recognize

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the concept of "ecological value" and thus give out light punishments, such as small fines.

18. Finally, as a relatively poor country, Romania lacks the means to properly manage and protect both private and state-owned forests. For example, this same official with the National Forest Administration complained that the country's 1,000 forest inspectors are not enough to do the job.

HELPING ROMANIA FIGHT DEFORESTATION

19. The international community is well aware of Romania's deforestation problem and has offered assistance through a variety of programs. Close donor coordination is essential in helping the government do a better job at protecting and managing the country's natural resources. In addition, bilateral and multilateral efforts to support the fight against corruption, reform Romania's judicial system and develop its civil society all contribute to environmental protection, at least indirectly. As poverty is a major factor in deforestation, programs aimed at developing Romania's economy in an environmentally and socially sustainable manner will also help combat the problem.

10. Regarding specific forestry-related programs, the World Bank's \$32 million Forest Development Project seeks to strengthen the administrative capacity of the regulatory authorities, develop national and local associations of private forest owners, rehabilitate the forest road network, increase the competitiveness of the forest industries, and build public support for sustainable forest management. But protests from the NGO community have slowed and altered the World Bank effort. Critics were concerned about corruption in the forestry sector, non-transparency, and the Bank's original plan to build new forest roads (the project will now only rehabilitate existing roads). The \$14 million Forestation of Degraded Agricultural Land Proto-Carbon Project is another Bank program. This project envisions planting trees on almost 7,000

hectares of state-owned degraded agricultural lowlands and then paying for the corresponding carbon emission reductions. Finally, the World Bank and Global Environment Facility completed a \$7 million program focused on biodiversity and protected area management. Forest protection was an integral part of this project, although a Ministry of Environment official criticized the project for its lackluster results.

¶11. Although the European Union does not have a specific forest policy, its biodiversity programs naturally include forest protection measures. Romania boasts large populations of European brown bears, wolves and lynx, among other noteworthy species. Preserving its virgin and natural forests is critical to supporting a variety of plant and animal populations. The Ministry of Environment hopes future EU funds will be available to compensate owners for preserving their forestland or to buy back forests of particular ecological importance. However, it is unclear at this time if EU funds will be available for such activities.

¶12. Embassy Bucharest, through its Foreign Agricultural Service and USAID offices, has worked with local NGOs on forest protection programs over the last several years. Post is currently awaiting delivery of a comprehensive report on deforestation and the restitution of forestlands to their original owners from the Center for Institutional Reform and the Informal Sector (IRIS) at the University of Maryland. USAID, through its agribusiness program, is working with local communities to implement sustainable eco-tourism through the promotion of an "eco-tourism" certification that encourages sustainable forestry practices and environmental protection. Post will continue to look for ways to collaborate with the local NGO community, including the Regional Environmental Center (REC), on forestry protection measures.

COMMENT

¶13. Unfortunately, Romania's deforestation problem shows no sign of abating. Forests continue to be restituted without an institutional framework for proper protection and management. Romania's many other social, economic and political challenges also contribute to the problem. As one environmentalist noted, Romania has yet to develop a civil society that can effectively fight for the environment. The outside world can help Romania protect and conserve its forests, but this is ultimately a job for Romanians themselves. After forty years of communism, societal attitudes toward the environment cannot be expected to change overnight.

¶14. As a next step in promoting awareness of environmental issues in this context, Embassy Bucharest is eager to work with EUR and G/OES

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in their efforts to present a regional environmental crime workshop at the International Law Enforcement Academy in Budapest. Post also encourages inclusion of environmental crime in future "International Crime Issues" multiregional programs for international visitors.

¶15. Embassy Bucharest's reporting telegrams are available on the Bucharest SIPRNet website: www.state.gov/p/eur/bucharest.

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